

Good Humanitarian Donorship Initiative

Annual Report

July 2007-July 2008

18 July 2008

# **Good Humanitarian Donorship Initiative Annual Report 2007-2008**

Significant progress was made by the GHD group towards objectives outlined in the 2007/2008 workplan.

## **1. Allocating resources according to need**

The GHD donors considered how to improve decision-making in providing humanitarian assistance.

Specifically GHD accomplished the following:

- Increased knowledge of evidence-based decision-making and use of severity indices.
- Strengthened early coordination among donors.
- Improved on base of knowledge on needs assessment

### *1.1 Steps to increase knowledge of severity indices in decision-making*

DG ECHO's Global Needs Assessment (GNA) methodology and results have been made available to all on the website. DG ECHO has continued to respond to information queries and requests but has no indication of whether donors are systematically making reference to the GNA. CERF allocation criteria (underfunded window) include reference to the GNA.

Canada is working on developing a Severity Index. Expert presentation of the latter was made to GHD. There are no indications at this stage from other donors of whether they are ready to work further on applying severity indices in their own decision-making.

The pilot training workshop hosted by Sweden (see below) was important in terms of determining a possible outline for future training on tools to facilitate needs-based decision making, including severity indices. An expected outcome of this training could be that more donors use systems of severity in decision-making.

### *1.2 Expanded donor knowledge on evidence-based decision making*

The Evidence-Based Decision-Making (EBDM) Group met in 2007 at the Geneva meetings. At that time the U.S. commissioned a paper on Evidence Based Decision Making by Dr. David Bradt. The paper was finalized and recently disseminated at the pilot training workshop in Sweden. The group hopes to continue work on evidence-based decision making in the next year and GHD as a whole has indicated that we should bring together this work with the parallel activities on needs-base.

Pilot course in 2008

The Swedish International Development Cooperation Agency (SIDA) hosted a Pilot Training and Design Workshop on Needs Based Decision Making for GHD on 25-27 June 2008.

The course was intended for all GHD members and mainly for persons in a position where they need to make funding decisions on humanitarian programs on a daily basis. The aim of the course was to contribute to increased understanding among donors on evidence-based decision making in practice, as part of a process of regular exchange and dialogue on this issue within the GHD.

The more specific objectives were (i) to serve as a pilot training course in evidence-based decision making, and (ii) as part of the testing and design process for a fuller training course. The objective was to be better able to analyze a humanitarian crisis context and critically evaluate humanitarian priorities.

In the event, the workshop served more as a brainstorming session on challenges within needs-based decision making, rather than as a pilot training course. The workshop participants included representatives from USAID/OFDA, State/PRM, DFID, Irish Aid, SIDA, and the European Commission. The workshop participants were universal in their opinion that the current GHD focus on evidence-based programming should continue and not be lost with the transfer of leadership (two new co-chairs—the EU and the Netherlands) in July. Donor representatives made no commitment to specific EBDM activities, but donor representatives committed to discussing possibilities and new directions.

The overall assessment of the training and design workshop evaluation is that the training was fruitful and engaging, with high-level discussions, and served as a starting point for a possible comprehensive future training session on the subject matter.

**Outcome:**

- The course set a starting point for a possible comprehensive future training on methods and tools for evidence based decision making.
- A draft training course design was elaborated further.
- The course provided an engaging exchange of views of different aspects and tools on needs-based decision-making for donors.

*1.3 Strengthened coordination among donors and improved transparency in donor decision making*

EU donors have committed to strengthening coordination through EU channels in the EU Consensus on Humanitarian Aid. More information has been shared on donor funding intentions (Canadian initiative). The workshop in Sweden helped improve transparency in donor decision making, with an open and frank discussion of how funding decisions are reached in different

systems. The group agreed that informal donor workshops, involving decision makers from Headquarters, should continue to form an important part of the GHD process.

#### *1.4 Shared practice on needs assessments*

DG ECHO is financing the OCHA Assessment and Classification of Emergencies (ACE) Project, which is working with implementing partners to map needs assessment methodologies. It is anticipated that the outcome of this project will be presented to the IASC in the late autumn. As well as providing for greater inter-agency coherence at the field level, this exercise should help facilitate more developed discussions with donors on strengthening decisions for funding based on need.

Two studies – one addressing the involvement of beneficiaries in the design and implementation of humanitarian programs and the second regarding the allocation of humanitarian funding based on needs assessments -- were finalized and circulated to members. Urgence Rehabilitation Développement (URD) presented the results in a workshop held at the French mission in Geneva with Humanitarian Assistance focal points in July. Follow-up on how to address the recommendations of these reports should be reviewed in the next period of GHD workplan.

A recommendation was made by GHD to undertake a stocktaking of donor coordination mechanisms at both regional and national levels. GHD donors also recommended looking at the feasibility of using e-working groups in which donors could selectively participate and share information according to regional interests and involvement to improve coordination among donors.

## **2.0 Donor coordination and harmonization**

The GHD group also looked at improving coordination of response with an emphasis on donor approaches to humanitarian financing. Specifically, GHD addressed the following issues:

- Coordinated approaches on conditionality and donor funding;
- Improved donor coordination at country/regional level;
- Steps towards identifying good practice in humanitarian financing.

#### *2.1 Donor resourcing practices in food aid/agricultural relief*

At an April 8 meeting, the Rome-based group agreed to look at two or three conditions donors impose on FAO and WFP to determine best and worst practices and come up with achievable solutions for efficiency gains. Since that meeting, sub-working group members have met with WFP only and four conditions are currently being explored: A) Purchasing Restrictions and Purchasing Preferences; B) Genetically Modified Organism; C) Advance

Financing Mechanisms (Immediate Response Account and Working Capital Financing); and D) Twinning. Discussions are ongoing for a future course of action.

## *2.2 Donor coordination at country/regional level*

The GHD group in the DRC met each month after the Dutch took over the chairmanship from the Belgians in December 2006. Normally, Belgium, Canada, ECHO, France, Netherlands, Sweden, United Kingdom and the United States attend the meetings. The donors decided that the Humanitarian Coordinator (HC) or UN agencies would not be invited to attend these monthly meetings. Regular donor-HC meetings were however scheduled.

An update of projects and the Pooled Fund was normally given during the donor meetings. Field mission reports and details of trips were also shared between partners.

The purpose of the meetings was to create a forum for discussion on the Humanitarian Action Plan, GHD principles and other key issues. As yet there are no terms of reference for applying the GHD principles to field-level coordination and it was customized according to needs in the field. One of the issues discussed during the meetings was the need for more results oriented humanitarian action.

The Netherlands ended its GHD-chairmanship in DRC this year. The Netherlands may take on GHD-chairmanship in Ramallah in 2008.

### Distribution of guidance notes

Denmark completed the guidance note on strengthening donor coordination at country level and distributed to donor country representatives as well as posted it on the GHD website. It was also suggested that a short analysis on how relevant country information is disseminated to donor countries not represented in the field be undertaken.

## *2.3 Improved understanding of financing instruments*

The U.S. commissioned a study entitled, "International Humanitarian Financing: Review and comparative assessment of instruments." The report provides an analysis of how donor humanitarian funding has been channelled and the comparative advantages and disadvantages of each funding instrument.

In addition, a one-day workshop was organized in Montreux, Switzerland with GHD members and representatives of the IASC on 2 February to discuss themes related to humanitarian financing. Participants discussed in break-out sessions the key concerns for GHD to address. Outcome: The session increased transparency in how donor funding is channelled and identified potential gaps in funding instruments.

Break-out sessions on humanitarian financing were also organized for the GHD meeting held on 10 April. GHD donors looked at how existing funding mechanisms could be used to address current funding gaps and how management and administration of new funding mechanisms could be streamlined. In the break-out groups, GHD donors identified a range of possible recommendations to address these issues which would require further discussion on concrete follow-up for GHD as a whole. Those recommendations included: Strengthen/streamline OCHA to act as focal point for funds; identify common database for use among funds for allocations; streamline reporting through cluster rather than project reporting; use ERFs for preparedness at the country level; standardize indicators for needs assessments; and identify a support-cost recovery structure as best practice. Regarding perceived funding gaps for DRR and early recovery, it was suggested that better evidence be supplied through a stocktaking of funding in both humanitarian and development channels.

A second interim report focusing on comparative advantages of funding instruments was presented at the 12 June GHD meeting. Break-out sessions of GHD donors were organized to identify examples of a range of “good practice” in humanitarian financing and issues to consider further in terms of concrete follow-up for GHD as a whole. These included:

**Good practices:**

- The humanitarian system benefits from a diversification of tools, and donors as a rule should use multiple funding instruments where the size of their programs permits.
- GHD good practice concerning reporting requirements should apply to new funding instruments and seek to harmonize reporting requirements.
- The new funding instruments represent good practice for enlarging the donor base and increasing UN member states’ engagement in funding humanitarian issues;
- Ensure donors sufficiently use funding tools, such as ERFs and bilateral funding, which reach NGOs as quickly as possible. Donors should also consider providing front-loaded, flexible funding directly to NGOs or giving a pre-agreed amount to NGOs before disaster hits.

**Possible action items:**

- As donors move toward more harmonized reporting and funding, donor visibility remains an issue. Donors should consider what constitutes “good practice” regarding visibility based on the findings of the report commissioned by Denmark in 2007;
- How to support strengthened relation between NGOs and UN agencies in the field and corresponding appropriation of funds.

Overhead costs

Sweden commissioned a study entitled “Indirect Support Costs.”. The report attempts to document the different approaches to Indirect Support Costs used by humanitarian organizations in order to help improve the understanding of the issues involved - both within humanitarian organisations and amongst

donors - and lead to more informed debate between them. It also aimed to create greater trust and transparency around this issue between donors and recipient organizations in order to facilitate dialogue around what constitutes a fair charge for indirect costs.

A one-day workshop was organized in Montreux, Switzerland with GHD members and representatives of the IASC on 22 February 2008 to discuss themes related to indirect support costs. Participants discussed in break-out sessions the key concerns for the GHD group to address.

**Outcome:** The session contributed to increased understanding in how indirect support costs are charged, including the realisation that flat percentage rates are not a fair measurement of such costs, and enlarged the scope of the study, notably also to include donor agencies.

Break-out sessions on indirect support costs were also organized for the GHD meeting held on 10 April in Geneva, based on a presentation by the consultant. GHD donors looked at how individual organizations classify costs differently, noted that work is underway within the UN Finance and Budget Network to streamline categories, and considered different models for calculating indirect costs.

At the 12 June GHD meeting in Geneva, an options paper was presented focusing on recommendations for possible donor action, including the scope for agreement on harmonization of cost classification and an overview of calculation models that were deemed to be “fair” by the author. An open discussion among GHD donors took place on suggested “good practice”. Discussion also included the challenges associated with organization-specific terminology. These included:

**Good practice:**

- It was suggested that donors support efforts to reach an agreement within the UN’s Finance and Budget Network for harmonization of definitions of support costs.
- Donors could identify what elements constitute good donor practice in determining their approach to financing overhead costs.
- It was suggested that donors agree, regardless of the funding instrument used, that NGO funding should include provision for their overhead costs.

### **3. Monitoring donor performance and accountability**

GHD donors explored ways of further measuring their performance. They have:

- Provided a policy forum on practical approaches to mainstreaming and sharing practical experiences in Disaster Risk Reduction into different stakeholders’ development/humanitarian work;

- Developed working group to assess needs of IDPs in all phases of displacement.
- Strengthened linkage between the GHD initiative and the OECD/DAC

### 3.1 *Disaster Risk Reduction*

The Oslo Policy Forum on “Changing the Way We Develop: Dealing with Disasters and Climate Change” was organized in February 2008. The event gathered 150 practitioners and decision makers from governments, the UN, the World Bank and civil society. Recommendations were provided on how to further the Disaster Risk Reduction (DRR) agenda and how to exploit synergies between DRR, climate mitigation and adaptation. Additional information is available at [www.oslopolicyforum.no](http://www.oslopolicyforum.no).

### 3.2 *GHD policy and practice in IDP context*

Principle #22 of Good Humanitarian Donorship states that, in the interest of learning and accountability, donors should “encourage evaluations of international responses to humanitarian crises, including assessments of donor performance.” During the year, the Initiative took three primary steps to advance this goal:

- > Created a “Working Group on Displaced Persons in Emergency Settings.”
- > Launched a study examining “GHD Principles in IDP Settings.”
- > Formulated a Working Group action plan focused in the short-term on funding-related issues and advocacy-related issues.

Created a “Working Group on Displaced Persons in Emergency Settings”

The Working Group was created to assess the impact of donor assistance on IDPs at different humanitarian phases and in varied settings. The Working Group agreed to focus on IDPs initially because they are a specific, discrete beneficiary group. The Working Group could expand its focus to include other beneficiary groups in the future.

The Working Group was chaired by the U.S. Working Group participants included GHD donors as well as UN agencies and the International Committee of the Red Cross.

Launched a study examining “GHD Principles in IDP Settings”

In support of GHD goal #22, the Working Group on Displaced Persons in Emergency Settings launched a study examining the application of GHD principles in two pilot countries: Sudan and Sri Lanka. The study is examining a number of issues, including:

- how GHD principles unfold in the field;
- how different donors interpret the principles differently;
- how funding is allocated across different phases of displacement;



- the impact of GHD principles on the quality and effectiveness of humanitarian response;
- the impact of donor funding on the spectrum of needs, challenges, and opportunities of IDPs;
- how various donor funding streams affect IDPs and host communities over different phases of displacement.

The study will enable an examination of numerous GHD goals, including #5, #6, #7, #8, #9, #10, and #11. The two pilot countries were selected because they contain IDP populations at different phases of displacement and in varied locations, including camps, non-camps, rural, urban, and host communities. The study began with a desktop review in May 2008, followed by field studies during September. The study is scheduled for completion in October. The Working Group on Displaced Persons in Emergency settings agreed in April 2008 to an action plan. The action plan focuses in the short-term on two priority action items: funding issues and advocacy issues. OCHA will lead the funding focus; the U.S. will lead the examination of advocacy issues.

### *3.3 Strengthened linkage to OECD/DAC*

Steve Darvill, Humanitarian Expert OECD/DAC, made a presentation to GHD donors on OECD/DAC findings to date regarding donors' humanitarian programs. OECD/DAC is preparing its Synthesis Report of 2006-2007 Peer Reviews for submission to DAC in mid-2008. The presentation of the synthesis report to the OECD/DAC is provisionally scheduled for October 16, 2008. The report will be posted on OLIS and DAC members of GHD will be able to access it through their DAC delegates in Paris.

New findings from 2006-2007 indicate that GHD principles slowly are becoming embedded into practice, but most findings and recommendations of 2004-2005 synthesis report remain at least partially valid. Some donors have done better than others, and those who are doing well need to share best practices. Donors considered Proposed Next Steps from Strengthening the Linkage between GHD and OECD/DAC. A majority of donor supported suggestions for enhancing the linkage between the DAC and GHD.

The chairs drew the group's attention to key decisions to be taken for the 18 July meeting: GHD members with representatives in the DAC should support renewal of the humanitarian position in the peer reviews. GHD members should also consider providing funding for this position. One donor said they already plan to continue their contribution in the coming year.

## **4. Advocacy and Outreach**

GHD donors looked at ways in which to improve outreach and advocacy on good humanitarian donorship. They have:

- Provided orientation to new GHD members;
- Provided broader dissemination and understanding of GHD principles.

#### *4.1 Orientation to new GHD members*

A briefing on GHD principles was provided for new GHD members on 13 March 2008 in Geneva; the launch of the informal GHD 'new donors' process was agreed at the 10 April 2008 GHD meeting (facilitated by the European Commission with new donors); a meeting was held with new and current donors to identify issues for discussion/informal workplan on 24 April 2008 in Geneva; and the first substantive meeting of the 'new donors' group, focusing on aid policy of RO and national GHD implementation plans, was held on 27 June 2008 in Geneva.

#### *4.2 Dissemination and understanding of GHD principles*

Eleven new donors were integrated into GHD through signature of EU humanitarian aid consensus in December 2007; and a GHD briefing was given to the EU Council working group on development in Brussels on 14 March 2008.